

**REMARKS**

The pending claims 1 - 11 have been rejected for various reasons under § 103. Applicants respectfully traverse this rejection. Also, two new dependent claims are presented here.

**§ 103 Rejections**

Claims 1 - 4, 7, 8, 10 and 11 have been rejected under § 103 based on Kepecs (U.S. 6,009,411) in view of Williams et al (U.S. 6,075,971; "Williams").

Independent claims 1 and 9 recite these limitations for the claimed system:

- the consumer transaction occurs at a vendor location
- an apparatus at the vendor location communicates with the host system
- means are present at the vendor location to apply applicable discounts
- whether or not said consumer is aware of any such discount
- without requiring said consumer to select any such discount

Applicants note that Kepecs requires both selection of discount(s) by a consumer prior to a transaction with a vendor and recordation of the selected discounts. The Office Action admits that Kepecs requires this selection: "Kepecs does not disclose applying the discount without a selection from the consumer of any said applicable discount, and without requiring consumer awareness of any said applicable discount." (Office Action, Page 5, Paragraph 6). Applicants agree that Kepecs does not disclose what the Office Action states is not disclosed. Applicants also assert that Kepecs neither teaches nor suggests a system as now claimed herein in which discounts are applied automatically at the time of a transaction at a vendor location without selection by or awareness of a consumer.

Williams does not remedy the deficiencies of Kepecs. Williams deals only with coupons that are provided to a user which then must be presented to a seller when a purchase is made. Williams requires that coupons be printed and provided to a user. Then the user must present the coupon to obtain the benefit of the discount represented by the coupon.

Williams has no teaching or suggestion of a discount being applied without requiring consumer awareness of an applicable discount.

Applicants note that the Office Action states, at Page 5:

However, Williams discloses a method and apparatus for providing and monitoring coupons via a network wherein coupons may be downloaded to a user's system automatically or on demand.

Even when Williams system provides an automatic download to a user's system, the user must then print out the coupon, go to the seller and actually present the coupon. From the fact that Williams provides an automatic download of a coupon, it does not follow that the consumer gets a discount of which the consumer may be unaware.

Regarding Claim 11, neither Kepecs nor Williams teaches or suggests transmitting a signal to the vendor to cause a discount to such items purchased by the consumer as is claimed in Claim 11.

Regarding Claim 10, neither Williams nor Kepecs teaches or suggests a host system that applies a discount on an itemized basis for the benefit of a consumer when the consumer purchases a discounted item at a vendor as claimed in Claim 10.

For these reasons Applicants respectfully submit that the claims discussed here (and those depending from them) are not obvious in view of Kepecs and/or Williams and do define patentable subject matter.

#### § 103 Rejection

Claims 5 - 6 and 9 have been rejected under § 103 based on Kepecs in view of Williams and Hoffman (U.S. 5,297,026). This rejection is respectfully traversed.

Applicants repeat here the comments above regarding Claims 1 - 11, the Kepecs reference, and the Williams reference. Hoffman does not remedy the deficiencies of Kepecs and of Williams.

Hoffman deals only with purchases made by a consumer in which the consumer is aware of the transaction and has nothing to do with a system or method in which discounts are automatically applied to a transaction whether the consumer is aware

or not of an applicable discount.

#### New Dependent Claims 12, 13

New dependent claims 12 and 13 provide further limitations to the method of claim 11. New claim 12 recites that the database of discounts is maintained in the host system and that, in an initial split connection (see Specification, Page 20, lines 25 - 31), the point-of-sale terminal is connected in communication with the host system (which is remote from the point-of-sale terminal). The host system then determines if a discount is applicable and transmits a signal to the vendor to effect the discount.

New claim 13 adds the step of completing the purchase via a payment processing system.

Applicants respectfully submit that the subject matter of claims 12 and 13 is new and is not rendered obvious by any possible correct combination of any of the references of record.

#### Specification

Submitted herewith is a marked-up Page 1 with a corrected "Related Applications" paragraph.

#### Claim Objections

In Claim 8, "the computer" is now --a computer--.

Applicants also note that "real-time" in Claim 11 has been changed to --real-time--.

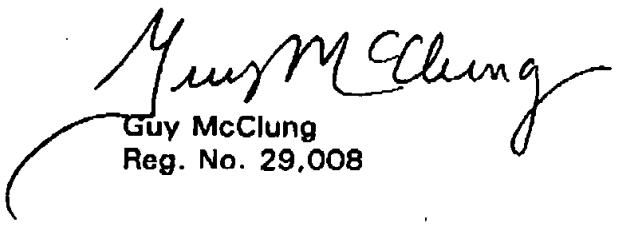
#### Drawings

The cover sheet with the Office Action noted that the drawings were objected to, but the Office Action included no mention of the objections.

**Conclusion**

Applicants appreciate the careful and detailed Office Action. This is intended to be a complete Response to the Office Action and to put the claims in condition for allowance. Applicants believe all the pending claims are now in condition for allowance. Early and favorable reconsideration is respectfully requested.

Respectfully submitted,



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**Business Systems And Methods For Consumer/Vendors Interface Via  
The Internet To Automatically Provide Discounts**

**Related Applications**

5        This is a continuation in part of U.S. Application Ser. No. 09/154,986 filed 8/17/99, and a division of PCT Application PCT/US00/22503 filed 8/16/2000 and of U.S. Application Ser. No. 09/375,934 filed 08/17/1999 based on the said PCT Application.

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